

IV. Electronic Funds Transfer (EFT)

Business taxpayers whose average monthly liability exceeds \$ 20,000 must pay their state taxes by EFT. The \$20,000 average monthly tax liability applies to business taxpayers paying corporate income tax, retail sales and use tax, and withholding tax. The \$20,000 average monthly tax liability applies separately to each tax. Withholding accounts are evaluated every November to identify taxpayers who must pay withholding tax by EFT.

A return or EFT payment record must be submitted for each required period, even if there is no tax due. The penalty for failure to deduct and pay the proper amount of tax withheld to the Virginia Department of Taxation is 6 percent of the amount that should have been withheld for each month or fraction of a month the return or payment is delinquent. The minimum penalty is \$100 and the maximum penalty is 30 percent of the tax due. Interest at the underpayment rate established by Section 6621 of the Internal Revenue Code, plus 2 percent, will be added to the tax.

Mandatory EFT filers are notified by TAX that they must begin making EFT payments. Taxpayers who are required to pay by EFT but continue to pay their tax by check are subject to penalties

The Department of Taxation also encourages other businesses that do not have an average monthly liability of \$20,000 to voluntarily transmit their tax return payments by EFT. Payments are submitted directly to the Tax Department's bank from your business bank account. EFT not only saves check writing and mailing costs, but also ensures that your payment is made without the worry of a check being lost in the mail. EFT eliminates Form VA5 - VA15.

For more information on EFT, or an EFT Guide, visit our website at www.tax.virginia.gov or contact Customer Services by phone at 804-367-8037, or write to the Virginia Department of Taxation, Customer Service Section, P.O. Box 1115, Richmond, VA 23218-1115.